TSX: MFI

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Maple Leaf Foods Reports Third Quarter 2022 Financial Results

Meat Protein delivers top-line growth of 3.8% and Adjusted EBITDA Margin of 8.5% in the quarter
Plant Protein targeting neutral or better Adjusted EBITDA in the latter half of 2023

Mississauga, Ontario, November 8, 2022 - Maple Leaf Foods Inc. (“Maple Leaf Foods” or the "Company") (TSX: MFI) today reported its financial results for the third quarter ended September 30, 2022.

"We are at an important inflection point in our business, grounded in exceptional underlying strength and opportunity even though this is not immediately obvious in current performance or reflected in our share price,” said Michael H. McCain, Chief Executive Officer of Maple Leaf Foods. “The post pandemic economy has been challenging, but the headwinds it has created are transitional and short term. Quite simply, if global pork markets and labour constraints normalized, we would be delivering above our 14% Adjusted EBITDA margin target in the third quarter of 2022 and expecting that to continue. The good news is we are seeing strong signs of improvement on these fronts, plus we are on track with our London Poultry and Bacon Centre of Excellence projects which will deliver $130 million annually in Adjusted EBITDA once we get through the normal start-up work and are ramped up to full commercial production."

"In our plant protein business we are firmly on track to meet our Adjusted EBITDA neutral target in the latter half of 2023,” continued Mr. McCain. “Our plans are clearly working. We expect to cut our Adjusted EBITDA losses in the fourth quarter this year by half year over year, and we are now examining initiatives which have the potential to take us beyond our target on this path to profitability. We do not believe the underlying strength and value of our business, including the significant returns that our major capital investment will soon be delivering, are currently reflected in our share price, yet are optimistic it will in time."

Third Quarter 2022 Highlights

- Total Company sales grew 3.6% to $1,231.9 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[(i)] Margin of 6.2%.
- Meat Protein Group sales grew to $1,194.5 million, an increase of 3.8% year over year. Adjusted EBITDA was $100.9 million, and Adjusted EBITDA Margin was 8.5%. Transitory external factors are estimated to have reduced margins by approximately 560 basis points.
- In the Plant Protein Group, Selling, General and Administrative expenses ("SG&A") declined by 42% to $19.9 million, as part of the journey towards Adjusted EBITDA neutrality in the second half of 2023.
- Capital expenditures were $76.3 million and consisted mainly of Construction Capital[(i)] of $47.8 million, primarily related to the London, Ontario poultry facility. Construction of the London, Ontario poultry facility was completed ahead of schedule, and equipment testing has started.
- Net loss for the quarter was $229.5 million, which includes a non-cash impairment of goodwill in the Plant Protein segment of $190.9 million, to align with the Company's long-term growth and margin plans within changing macroeconomic conditions.

Outlook

- **Meat Protein:** Expect mid-to-high single digit sales growth in 2022, and Adjusted EBITDA Margin expansion to achieve a target range of 14% - 16% when market conditions normalize.
- **Plant Protein:** Targeting to deliver neutral or better Adjusted EBITDA in the latter half of 2023.
- **Capital expenditure:** for 2022 is expected to be approximately $375 million, down from prior forecast of $400 million to $500 million, mainly due to a shift in the timing of expenditures. For 2023, capital expenditure for the full year is expected to be in the $275 million to $325 million range with approximately $150 million attributable to maintenance projects and the balance attributable to growth capital.

[(i)] *Refer to the section titled Non-IFRS Financial Measures in this news release.*

Financial Highlights

Measure[i] *(Unaudited)*	As at or for the Three months ended September 30, 2022	2021	Change	As at or for the Nine months ended September 30, 2022	2021	Change
Sales	**$ 1,231.9**	$ 1,188.6	3.6 %	**$ 3,553.5**	$ 3,400.6	4.5 %
Net (Loss) Earnings	**$ (229.5)**	$ 44.5	(615.9)%	**$ (270.4)**	$ 100.9	(367.9)%
Basic (Loss) Earnings per Share	**$ (1.86)**	$ 0.36	(616.7)%	**$ (2.18)**	$ 0.82	(365.9)%
Adjusted Operating Earnings[ii][iii]	**$ 24.1**	$ 70.6	(65.8)%	**$ 63.9**	$ 180.4	(64.6)%
Adjusted Earnings per Share[ii][iii]	**$ (0.01)**	$ 0.38	(102.6)%	**$ 0.02**	$ 0.94	(97.9)%
Adjusted EBITDA - Meat Protein Group[ii][iii]	**$ 100.9**	$ 151.3	(33.3)%	**$ 302.6**	$ 406.4	(25.5)%
Adjusted EBITDA - Plant Protein Group[ii][iii]	**$ (24.3)**	$ (33.4)	(27.2)%	**$ (85.0)**	$ (83.3)	2.0 %
Sales - Plant Protein Group	**$ 43.6**	$ 48.0	(9.2)%	**$ 129.3**	$ 138.6	(6.7)%
Free Cash Flow[ii]	**$ (10.1)**	$ (5.5)	(83.6)%	**$ (267.4)**	$ (336.6)	20.6 %
Construction Capital[ii]				**$ 713.6**	$ 844.1	(15.5)%
Net Debt[ii]				**$ (1,522.2)**	$ (1,089.5)	39.7 %

[i] *All financial measures in millions of dollars except Basic and Adjusted Earnings per Share.*

[ii] *Refer to the section titled Non-IFRS Financial Measures in this news release.*

[iii] *Certain comparative figures have been restated to conform with current year presentation.*

Sales for the third quarter of 2022 were $1,231.9 million compared to $1,188.6 million last year, an increase of 3.6%, driven by higher sales in the Meat Protein Group, partially offset by lower sales in the Plant Protein Group. For more details on sales performance by operating segment, refer to the section entitled Operating Review.

Year-to-date sales for 2022 were $3,553.5 million compared to $3,400.6 million last year, an increase of 4.5%, due to similar factors as noted above.

Net loss for the third quarter of 2022 was $229.5 million ($1.86 per basic share) compared to earnings of $44.5 million ($0.36 per basic share) last year. The net loss included a $190.9 million one-time non-cash impairment charge related to the Plant Protein Group, and a decrease in fair value of biological assets of $31.5 million (2021: gain of $6.6 million). In addition, pork market headwinds, weaker commercial performance due to cost inflation and labour challenges, and start-up expenses related to Construction Capital contributed to the net loss.

Year-to-date net loss for 2022 was $270.4 million ($2.18 per basic share) compared to earnings of $100.9 million ($0.82 per basic share) last year due to similar factors as noted above as well as restructuring charges in the Plant Protein Group.

Adjusted Operating Earnings for the third quarter of 2022 were $24.1 million compared to $70.6 million last year, and Adjusted Earnings per Share for the third quarter of 2022 were a loss of $0.01 compared to earnings of $0.38 last year as a result of weaker commercial performance due to cost inflation and labour challenges.

Year-to-date Adjusted Operating Earnings for 2022 were $63.9 million compared to $180.4 million last year, and Adjusted Earnings per Share for 2022 were $0.02 compared to $0.94 last year due to similar factors as noted above.

For further discussion on key metrics and a discussion of results by operating segment, refer to the section titled Operating Review.

Note: Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Non-IFRS Financial Measures at the end of this news release for a description and reconciliation of all non-IFRS financial measures.

Response to COVID-19

As an essential service, Maple Leaf Foods is focused on protecting the health and well-being of its people, maintaining business continuity and broadening its social outreach. To manage through this unprecedented environment, the Company has taken a number of measures in its business and operating practices that include heightened safety policies and procedures, adopting a vaccination mandate for all employees and contractors, and close communication and collaboration with public health authorities, including hosting on-site vaccination clinics in 2021. The measures enacted to protect the health and safety of employees have increased the Company's current cost structure due to higher labour, personal protective equipment, sanitation and other expenses associated with the pandemic.

Overall, the Company believes its proactive and comprehensive efforts have, and should continue to mitigate adverse operational impacts. As the COVID-19 situation evolves, Maple Leaf Foods will continue to adapt and adopt best practices that prioritize the health and safety of its employees and the stability of the food supply. As part of Maple Leaf Foods' broader social responsibility since the pandemic began, the Company has provided extensive support to front-line staff, emergency food relief efforts and health care providers.

Operating Review

The Company has two reportable segments. These segments offer different products, with separate organizational structures, brands, and financial and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses: performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group in the short term is focused on obtaining Adjusted EBITDA neutral or better results.

The following table summarizes the Company's sales, gross profit (loss), SG&A, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the three months ended September 30, 2022 and September 30, 2021.

	Three months ended September 30, 2022				Three months ended September 30, 2021			
($ millions)[i] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[ii]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Sales	**$ 1,194.5**	**43.6**	**(6.2)**	**$ 1,231.9**	$ 1,150.3	48.0	(9.7)	$ 1,188.6
Gross profit (loss)	**$ 125.6**	**(9.8)**	**(33.3)**	**$ 82.5**	$ 191.5	(3.3)	(0.1)	$ 188.2
Selling, general and administrative expenses	**$ 82.9**	**19.9**	**—**	**$ 102.8**	$ 85.9	34.4	—	$ 120.3
Adjusted Operating Earnings[iii][iv]	**$ 53.6**	**(29.5)**	**—**	**$ 24.1**	$ 107.6	(37.1)	—	$ 70.6
Adjusted EBITDA[iii][iv]	**$ 100.9**	**(24.3)**	**—**	**$ 76.7**	$ 151.3	(33.4)	—	$ 118.0
Adjusted EBITDA Margin[iii][iv]	**8.5 %**	**(55.6)%**	**n/a**	**6.2 %**	13.2 %	(69.6)%	n/a	9.9 %

[i] *Totals may not add due to rounding.*

[ii] *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, changes in the fair value of biological assets and derivatives, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments or are not part of the measures used by the Company when assessing a segment's operating results.*

[iii] *Refer to the section titled Non-IFRS Financial Measures in this news release.*

[iv] *Certain comparatives figures have been restated to conform with current year presentation.*

The following table summarizes the Company's sales, gross profit (loss), SG&A, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the nine months ended September 30, 2022 and September 30, 2021.

	Nine months ended September 30, 2022				Nine months ended September 30, 2021			
($ millions)[i] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[ii]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Sales	**$ 3,444.1**	**129.3**	**(19.8)**	**$ 3,553.5**	$ 3,281.5	138.6	(19.6)	$ 3,400.6
Gross profit (loss)	**$ 392.5**	**(26.2)**	**(42.8)**	**$ 323.6**	$ 524.6	(2.9)	(5.0)	$ 516.8
Selling, general and administrative expenses	**$ 258.9**	**77.0**	**—**	**$ 335.9**	$ 254.1	93.0	—	$ 347.1
Adjusted Operating Earnings[iii][iv]	**$ 162.3**	**(98.4)**	**—**	**$ 63.9**	$ 274.6	(94.2)	—	$ 180.4
Adjusted EBITDA[iii][iv]	**$ 302.6**	**(85.0)**	**—**	**$ 217.6**	$ 406.4	(83.3)	—	$ 323.1
Adjusted EBITDA Margin[iii][iv]	**8.8 %**	**(65.7)%**	**n/a**	**6.1 %**	12.4 %	(60.1)%	n/a	9.5 %

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, changes in the fair value of biological assets and derivatives, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments or are not part of the measures used by the Company when assessing a segment's operating results.*

(iii) *Refer to the section titled Non-IFRS Financial Measures in this news release.*

(iv) *Certain comparatives figures have been restated to conform with current year presentation.*

Meat Protein Group

The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, and value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels, and agricultural operations in pork and poultry. The Meat Protein Group includes leading brands such as Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, and many leading regional brands.

Sales for the third quarter of 2022 increased 3.8% to $1,194.5 million compared to $1,150.3 million last year. Sales growth was driven by pricing action to mitigate inflation and a favourable mix-shift in product sales, including growth in sustainable meats, branded products and sales to the United States, partially offset by lower sales volume.

Year-to-date sales for 2022 increased 5.0% to $3,444.1 million compared to $3,281.5 million last year. Sales growth was driven by pricing actions to mitigate inflationary cost increases and favourable mix-shift towards sustainable meats, branded products and growth in sales to the United States. These positive factors were partially offset by lower sales volume.

Gross profit for the third quarter of 2022 was $125.6 million (gross margin of 10.5%) compared to $191.5 million (gross margin of 16.6%) last year. Gross profit was negatively impacted by cost inflation, labour shortages affecting the supply chain and pork market headwinds, including challenges in the Japanese market, partially offset by pricing action. Gross profit for the third quarter included start-up expenses of $11.0 million (2021: $2.0 million) associated with Construction Capital projects, which are excluded from the calculation of Adjusted Operating Earnings.

Year-to-date gross profit for 2022 was $392.5 million (gross margin of 11.4%) compared to $524.6 million (gross margin of 16.0%) last year. Gross profit was negatively impacted by labour and supply chain disruptions, inflationary cost increases, and pork market headwinds, including challenges in the Japanese market, partially offset by pricing action. Gross profit year-to-date included start-up expenses of $28.7 million (2021: $4.1 million) associated with Construction Capital projects, which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the third quarter of 2022 were $82.9 million compared to $85.9 million last year. The decrease in SG&A expenses was largely driven by a reduction in variable compensation, partially offset by the timing of advertising and promotional expenses.

Year-to-date SG&A expenses for 2022 were $258.9 million compared to $254.1 million last year. The increase in SG&A expenses was driven by the timing of advertising and promotional expenses, a gradual normalization of discretionary spending, salary inflation, as well as donations to support the relief efforts in Ukraine, partially offset by lower variable compensation.

Adjusted Operating Earnings for the third quarter of 2022 were $53.6 million compared to $107.6 million last year, consistent with factors noted above.

Year-to-date Adjusted Operating Earnings for 2022 were $162.3 million compared to $274.6 million last year, consistent with factors noted above.

Adjusted EBITDA for the third quarter of 2022 were $100.9 million compared to $151.3 million last year, driven by factors consistent with those noted above. Adjusted EBITDA Margin for the third quarter was 8.5% compared to 13.2% last year, also driven by factors consistent with those noted above.

During the third quarter of 2022 the Meat Protein Group Adjusted EBITDA Margin was negatively impacted by an estimated 560 basis points resulting from the current business environment. Pork export margins to Japan accounted for over a third of this gap, headwinds in the North American pork market and labour shortages each contributed approximately another quarter of the gap, timing on our pricing actions to manage inflation made up the balance.

Year-to-date Adjusted EBITDA for 2022 were $302.6 million compared to $406.4 million last year, driven by factors consistent with those noted above. Year-to-date Adjusted EBITDA Margin for 2022 was 8.8% compared to 12.4% last year, also driven by factors consistent with those noted above.

Plant Protein Group

The Plant Protein Group is comprised of refrigerated and frozen plant protein products, premium grain-based protein, and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the leading brands Lightlife® and Field Roast™.

Sales for the third quarter of 2022 decreased 9.1% to $43.6 million compared to $48.0 million last year. Excluding the impact of foreign exchange, sales decreased 12.3%, driven by lower volumes in retail and foodservice products. This more than offset pricing action implemented to mitigate inflation and structural cost increases.

Year-to-date sales for 2022 decreased 6.7% to $129.3 million compared to $138.6 million last year. Excluding the impact of foreign exchange, sales decreased 9.2%, driven by lower volumes in retail products. This more than offset growth in foodservice volumes and pricing action implemented to mitigate inflation and structural cost increases.

Gross profit for the third quarter of 2022 was a loss of $9.8 million (gross margin loss of 22.5%) compared to a loss of $3.3 million (gross margin loss of 6.8%) last year. The decrease in gross profit was driven by inflationary costs and strategic investments in capacity ahead of anticipated demand, which resulted in increased overhead and short-term costs. This was partially offset by pricing action. Gross profit for the quarter also included start-up expenses of $0.2 million (2021: $0.6 million) associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings

Year-to-date gross profit for 2022 was a loss of $26.2 million (gross margin loss of 20.2%) compared to a loss of $2.9 million (gross margin loss of 2.1%) last year. The decrease in gross profit was driven by inflationary costs and strategic investments in capacity ahead of anticipated demand, which resulted in increased overhead and short-term costs. This was partially offset by pricing action. Year-to-date gross profit also included start-up expenses of $4.8 million (2021: $1.6 million) associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings

SG&A expenses for the third quarter of 2022 were $19.9 million (45.5% of sales) compared to $34.4 million (71.7% of sales) last year. The decrease in SG&A expenses was primarily attributable to lower advertising expenses and people costs as a result of the restructuring plan implemented towards the end of the second quarter.

Year-to-date SG&A expenses for 2022 were $77.0 million (59.5% of sales) compared to $93.0 million (67.0% of sales) last year. The decrease in SG&A expenses was primarily attributable to lower advertising expenses and people costs as a result of the restructuring plan implemented towards the end of the second quarter, partially offset by higher consulting costs.

Adjusted Operating Earnings for the third quarter of 2022 were a loss of $29.5 million compared to a loss of $37.1 million last year. The decrease in Adjusted Operating Earnings is consistent with the factors noted above.

Year-to-date Adjusted Operating Earnings for 2022 were a loss of $98.4 million compared to a loss of $94.2 million last year. The decrease in Adjusted Operating Earnings is consistent with the factors noted above.

Other Matters

On November 7, 2022, the Board of Directors approved a quarterly dividend of $0.20 per share (an increase of $0.02 per share from the 2021 third quarter dividends), $0.80 per share on an annual basis, payable December 30, 2022 to shareholders of record at the close of business December 8, 2022. Unless indicated otherwise by the Company at or before the time the dividend is paid, the dividend will be considered an eligible dividend for the purposes of the "Enhanced Dividend Tax Credit System".

Conference Call

A conference call will be held at 8:00 a.m. ET on November 8, 2022, to review Maple Leaf Foods' third quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 351137#).

A webcast of the third quarter conference call will also be available at: https://www.mapleleaffoods.com

The Company's full unaudited consolidated interim financial statements ("Consolidated Interim Financial Statements") and related Management's Discussion and Analysis are available on the Company's website.

An investor presentation related to the Company's third quarter financial results is available at www.mapleleaffoods.com and can be found under Presentations and Webcasts on the Investors page.

Outlook

Maple Leaf Foods is a leading consumer protein company, supported by a portfolio of market leading brands, a solid balance sheet and capital structure that provide financial flexibility. Over the last several years, the Company has developed a foundation to pursue compelling growth vectors across its business and to create value for all stakeholders.

Meat Protein Group

In Meat Protein, the Company's strategy is to drive profitable growth. Given the unprecedented market dynamics, marked by a challenging post-pandemic economy, the conflict in Europe, high inflation and significant market and supply chain disruption, Maple Leaf Foods expects that its Meat Protein Group will achieve the following:

- Mid-to-high single digit sales growth in 2022, driven by continued momentum in sustainable meats, leveraging brand leadership, and growth into the U.S. market.
- Adjusted EBITDA Margin expansion to a 14% - 16% target range once markets normalize including a pork complex in-line with the five year average.

Plant Protein Group

- In late 2021, the Company announced that it was re-evaluating its outlook for the Plant Protein Group and launching a comprehensive review of the overall plant protein category. This decision was driven by a pronounced slowdown in growth rates in the category, particularly in the second half of the year, which fueled the Company's imperative to identify and thoroughly assess the causes, near and long-term trends, and overall implications. While the Company's analysis is ongoing, the results to date confirm that the very high category growth rates previously predicted by many industry experts are unlikely to be achieved given current customer feedback, experience, buy rates and household penetration. Based on this new information, the Company believes that the category will continue to grow at more modest, but still attractive rates. Current estimates suggest that the category will grow at an average annual rate of 10% to 15%, making it a $6 billion to $10 billion market by 2030. Accordingly, the Company has pivoted its strategy and investment thesis for the Plant Protein Group and has set a new goal to deliver neutral or better Adjusted EBITDA in the latter half of 2023. Work is ongoing to implement this pivot. Given the current size of the Plant Protein Group of approximately US$150 million of annual revenue in 2021, the expected resultant business model from this strategy would deliver a 30% gross margin, with less than US$50 million in SG&A, to achieve the stated Adjusted EBITDA target. Based on the choices made in the second quarter and the current momentum in SG&A savings, the Company expects to reduce Adjusted EBITDA losses in the fourth quarter of 2022 by half compared to the same quarter of 2021.

Capital

- The Company currently estimates its capital expenditures for 2022 will be approximately $375 million with approximately 50% to be comprised of Construction Capital. This primarily relates to the completion of the London, Ontario poultry facility and other projects to add growth and capacity in areas such as expanding our raised without antibiotics hog barns, and beginning construction on the addition of a further processed poultry production line at the Brampton, Ontario Prepared Meats facility. The lower estimated capital spend for the year is primarily timing related.

  Going forward the Company distinguishes two types of capital expenditures. Maintenance capital consists of non-discretionary investment required to maintain the Company's existing operations and competitive position. Growth capital includes discretionary investments meant to create stakeholder value through initiatives that, for example, expand margins, increase capacities or create further competitive advantage. For 2023, the Company expects total capital expenditures to be in the $275 million to $325 million range. Approximately $150 million of that will be maintenance capital with the remainder being growth capital. This growth capital will mainly consist of an increase to further processed poultry capacity at the Prepared Meats plant in Brampton, Ontario, an increase in raised without antibiotics hog barn capacity, expanded capacity in the kits category, and upgrading smokehouse operations. The Company expects depreciation and amortization used in calculating Adjusted EBITDA for 2023 to be approximately $250 million compared to approximately $200 million in 2022 mainly as a result of large construction projects now coming on line.
- The Company expects the London, Ontario poultry facility to start to deliver approximately $100 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be by the end of 2023. Additionally, the Company expects the Bacon Centre of Excellence to contribute approximately $30 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be in the second half of 2023.

The ongoing effects of COVID-19 induced supply chain disruptions and the war in Ukraine are unpredictable and may impact a number of factors that drive growth in the business, including:

- Agricultural commodity and foreign exchange markets;
- Inflationary cost pressures;
- Disruptions in the global supply chain;
- Availability of labour; and
- The balance between retail and foodservice demand.

For more information on the impact of COVID-19 on the business and the associated risks, refer to the section titled Response to COVID-19, and for more information on the factors that may influence future performance, see the section titled Forward-Looking Statements in this news release.

The execution of the Company's financial and operational priorities are embedded in a commitment to deliver shared value for the benefit of all stakeholders. The Company's guiding pillars to be the "Most Sustainable Protein Company on Earth" include Better Food, Better Care, Better Communities, Better Planet and are core to how Maple Leaf Foods conducts itself. To that end, the Company's priorities include:

- *Better Food* - leading the real food movement and transitioning key brands to 100% "raised without antibiotics".
- *Better Care* - further advancement of animal care, after achieving our transition of all sows under management to open housing systems in 2021.
- *Better Communities* - investing a minimum of approximately 1% of pre-tax profit to advance sustainable food security.
- *Better Planet* - continuing to amplify its commitment to carbon neutrality, while focusing on eliminating waste in any resources it consumes, including food, energy, water, packaging, and time.

Non-IFRS Financial Measures

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin, Construction Capital, Net Debt, Free Cash Flow and Return on Net Assets. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before other income, income taxes and interest expense adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Adjusted EBITDA is defined as Adjusted Operating Earnings plus depreciation and intangible asset amortization, adjusted for items included in other expense that are considered representative of ongoing operational activities of the business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales.

The table below provides a reconciliation of earnings (loss) before income taxes as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Operating Earnings and Adjusted EBITDA for the three and nine months ended September 30, 2022 as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	Three months ended September 30, 2022				Three months ended September 30, 2021			
($ millions)[(i)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated[(ii)]**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Earnings (loss) before income taxes	**$ 39.4**	**(223.0)**	**(48.2)**	**$ (231.8)**	$ 105.3	(37.9)	(5.2)	$ 62.3
Interest expense and other financing costs	**—**	**—**	**14.5**	**14.5**	—	—	5.7	5.7
Impairment of goodwill	**—**	**190.9**	**—**	**190.9**	—	—	—	—
Other expense (income)	**1.2**	**2.1**	**0.5**	**3.7**	(0.6)	0.2	(0.6)	(1.0)
Restructuring and other related costs	**2.0**	**0.4**	**—**	**2.3**	0.8	—	—	0.8
Earnings (loss) from operations	**$ 42.6**	**(29.7)**	**(33.3)**	**$ (20.3)**	$ 105.6	(37.7)	(0.1)	$ 67.9
Start-up expenses from Construction Capital[(iii)(iv)]	**11.0**	**0.2**	**—**	**11.2**	2.0	0.6	—	2.6
Change in fair value of biological assets	**—**	**—**	**31.5**	**31.5**	—	—	(6.6)	(6.6)
Unrealized loss (gain) on derivative contracts	**—**	**—**	**1.8**	**1.8**	—	—	6.7	6.7
Adjusted Operating Earnings[(iv)]	**$ 53.6**	**(29.5)**	**—**	**$ 24.1**	$ 107.6	(37.1)	—	$ 70.6
Depreciation and amortization[(iv)]	**48.5**	**5.2**	**—**	**53.8**	43.1	3.9	—	47.0
Items included in other income (expense) representative of ongoing operations[(v)]	**(1.2)**	**—**	**—**	**(1.2)**	0.6	(0.2)	—	0.4
Adjusted EBITDA[(iv)]	**$ 100.9**	**(24.3)**	**—**	**$ 76.7**	$ 151.3	(33.4)	—	$ 118.0
Adjusted EBITDA Margin[(iv)]	**8.5%**	**(55.6)%**	**n/a**	**6.2%**	13.2%	(69.6)%	n/a	9.9%

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments or are not part of the measures used by the Company when assessing a segment's operating results.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

(v) *2022 primarily includes certain costs associated with sustainability projects, gains and losses on the sale of long-term assets, legal settlements, and other miscellaneous expenses. 2021 primarily includes certain costs associated with sustainability projects, gains and losses on the sale of long-term assets, legal settlements, and other miscellaneous expenses.*

($ millions)[i] (Unaudited)	Nine months ended September 30, 2022 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total	Nine months ended September 30, 2021 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) before income taxes	**$ 123.7**	**(315.2)**	**(77.8)**	**$ (269.4)**	$ 268.3	(96.2)	(29.6)	$ 142.4
Interest expense and other financing costs	**—**	**—**	**33.0**	**33.0**	—	—	16.4	16.4
Impairment of goodwill	**—**	**190.9**	**—**	**190.9**	—	—	—	—
Other expense (income)	**4.6**	**2.2**	**2.1**	**8.8**	(1.4)	0.4	8.3	7.2
Restructuring and other related costs	**5.4**	**19.0**	**—**	**24.4**	3.7	—	—	3.7
Earnings (loss) from operations	**$ 133.6**	**(103.1)**	**(42.8)**	**$ (12.3)**	$ 270.5	(95.8)	(5.0)	$ 169.7
Start-up expenses from Construction Capital[iii][iv]	**28.7**	**4.8**	**—**	**33.4**	4.1	1.6	—	5.7
Change in fair value of biological assets	**—**	**—**	**42.1**	**42.1**	—	—	6.8	6.8
Unrealized loss (gain) on derivative contracts	**—**	**—**	**0.7**	**0.7**	—	—	(1.8)	(1.8)
Adjusted Operating Earnings[iv]	**$ 162.3**	**(98.4)**	**—**	**$ 63.9**	$ 274.6	(94.2)	—	$ 180.4
Depreciation and amortization[iv]	**144.9**	**13.5**	**—**	**158.4**	134.4	11.3	—	145.7
Items included in other income (expense) representative of ongoing operations[v]	**(4.6)**	**(0.1)**	**—**	**(4.7)**	(2.6)	(0.4)	—	(2.9)
Adjusted EBITDA[iv]	**$ 302.6**	**(85.0)**	**—**	**$ 217.6**	$ 406.4	(83.3)	—	$ 323.1
Adjusted EBITDA Margin[iv]	**8.8%**	**(65.7%)**	**n/a**	**6.1%**	12.4%	(60.1%)	n/a	9.5%

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments or are not part of the measures used by the Company when assessing a segment's operating results.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

(v) *2022 primarily includes certain costs associated with sustainability projects, gains and losses on the sale of long-term assets, legal settlements, and other miscellaneous expenses. 2021 primarily includes certain costs associated with sustainability projects, gains and losses on the sale of long-term assets, legal settlements, and other miscellaneous expenses.*

Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings per share as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Earnings per Share for the three and nine months ended September 30, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

($ per share) *(Unaudited)*	Three months ended September 30, **2022**	Three months ended September 30, 2021	Nine months ended September 30, **2022**	Nine months ended September 30, 2021
Basic (loss) earnings per share	**$ (1.86)**	$ 0.36	**$ (2.18)**	$ 0.82
Impairment of goodwill	**1.54**	—	**1.54**	—
Restructuring and other related costs(i)	**0.01**	0.01	**0.17**	0.02
Items included in other expense not considered representative of ongoing operations(ii)	**0.02**	—	**0.03**	0.03
Start-up expenses from Construction Capital(iii)(iv)	**0.07**	0.02	**0.21**	0.04
Change in fair value of biological assets	**0.19**	(0.04)	**0.25**	0.04
Change in unrealized fair value on derivatives	**0.01**	0.04	**—**	(0.01)
Adjusted Earnings per Share(iv)(v)	**$ (0.01)**	$ 0.38	**$ 0.02**	$ 0.94

(i) *Includes per share impact of restructuring and other related costs, net of tax.*

(ii) *Primarily includes legal fees and provisions and transaction related costs, net of tax.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparatives figures have been restated to conform with current year presentation.*

(v) *Totals may not add due to rounding.*

Construction Capital

Construction Capital, a non-IFRS measure, is used by Management to evaluate the amount of capital resources invested in specific strategic development projects that are not yet operational. It is defined as investments and related financing charges in projects over $50.0 million that are related to longer-term strategic initiatives, with no returns expected for at least 12 months from commencement of construction and the asset is re-categorized from Construction Capital once operational. The current balance of Construction Capital includes investments in the London, Ontario poultry production facility and in increased further processed poultry capacity in the Prepared Meats facility in Brampton, Ontario. The expansion of the Bacon Centre of Excellence in Winnipeg, Manitoba, was completed in the fourth quarter of 2021 and recategorized. Investments in capacity at the Walker Drive facility in Brampton, Ontario, and the plant protein production facilities in Indiana were completed in the first quarter of 2022 and have been recategorized. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

($ thousands) *(Unaudited)*	**2022**	2021
Property and equipment and intangibles at January 1	**$ 2,554,483**	$ 2,062,683
Other capital and intangible assets at January 1[(i)]	**1,811,164**	1,622,094
Construction Capital at January 1	**$ 743,319**	$ 440,589
Additions[(ii)]	**54,776**	152,342
Transfers from Construction Capital	**(182,210)**	—
Construction Capital at March 31	**$ 615,885**	$ 592,931
Additions[(ii)]	**49,903**	127,822
Construction Capital at June 30	**$ 665,788**	$ 720,753
Additions[(ii)]	**47,789**	123,321
Construction Capital at September 30[(iii)(iv)]	**$ 713,577**	$ 844,074
Other capital and intangible assets at September 30[(i)]	**1,957,932**	1,632,404
Property and equipment and Intangibles at September 30	**$ 2,671,509**	$ 2,476,478
Construction Capital debt financing[(v)]	**$ 678,635**	$ 821,110

(i) *Other capital and intangible assets consists of property and equipment and intangibles that do not meet the definition of Construction Capital.*

(ii) *Certain comparative figures have been restated to conform with current year presentation.*

(iii) *As at September 30, 2022, the net book value of Construction Capital includes $3.3 million related to intangible assets (September 30, 2021: $3.2 million; December 31, 2021: $2.5 million).*

(iv) *Does not include $265.2 million in capital that has been transferred out but is still in the start-up stage (2021: $nil).*

(v) *Assumed to be fully funded by debt to the extent that the Company has Net Debt outstanding. Construction Capital debt financing excludes interest paid and capitalized.*

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's Consolidated Interim Financial Statements as at September 30, as indicated below. The Company calculates Net Debt as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands) *(Unaudited)*	**As at September 30,**	
	2022	2021
Cash and cash equivalents	**$ 106,199**	$ 73,468
Current portion of long-term debt	**$ (712)**	$ (5,279)
Long-term debt	**(1,627,651)**	(1,157,736)
Total debt	**$(1,628,363)**	$(1,163,015)
Net Debt	**$(1,522,164)**	$(1,089,547)

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by operations, less cash additions to long-term assets and capitalized interest. The following table calculates Free Cash Flow for the periods indicated below:

($ thousands) *(Unaudited)*	**Three months ended September 30,**		**Nine months ended September 30,**	
	2022	2021	**2022**	2021
Cash provided by operating activities	**$ 75,499**	$ 136,764	**$ 6,998**	$ 136,501
Additions to long-term assets	**(78,544)**	(136,346)	**(257,784)**	(458,586)
Interest paid and capitalized	**(7,019)**	(5,916)	**(16,639)**	(14,525)
Free Cash Flow	**$ (10,064)**	$ (5,498)	**$ (267,425)**	$ (336,610)

Return on Net Assets

Return on Net Assets ("RONA") is calculated by dividing tax effected earnings from operations (adjusted for items which are not considered representative of the underlying operations of the business) by average monthly net assets. Net assets are defined as total assets (excluding cash and deferred tax assets) less non-interest bearing liabilities (excluding deferred tax liabilities). Management believes that RONA is an appropriate basis upon which to evaluate long-term financial performance.

Forward-Looking Statements

This document contains, and the Company’s oral and written public communications often contain, “forward-looking information” within the meaning of applicable securities law. These statements are based on current expectations, estimates, projections, beliefs, judgments and assumptions based on information available at the time the applicable forward-looking statement was made and in light of the Company’s experience combined with its perception of historical trends. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, targets, goals, objectives, expectations, anticipations, estimates, and intentions. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "propose", "goal", and similar expressions suggesting future events or future performance. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Specific forward-looking information in this document may include, but is not limited to, statements with respect to:

- implications of COVID-19, including implications for supply chain, workforce availability and consumption patterns;
- future performance, including future financial objectives, goals and targets, category growth analysis, expected capital spend and expected SG&A expenditures, North American pork market dynamics, Japan export market margin outlook, labour markets and inflationary pressures (including the ability to price for inflation);
- the execution of the Company's business strategy, including the development and expected timing of business initiatives, brand expansion and repositioning, plant protein category investment and performance, Japan market access, capital allocation decisions (including investment in share repurchases under the NCIB) and investment in potential growth opportunities and the expected returns associated therewith;
- the impact of international trade conditions and markets on the Company's business, including access to markets, implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF")) and other animal diseases such as Avian Influenza, as well as other social, economic and political factors that affect trade, including the war in Ukraine;
- the nature, cause and impact of the cybersecurity incident on its systems, business and operations, as well as the Company's ability to mitigate the financial and operational impact of the cybersecurity incident;
- competitive conditions and the Company's ability to position itself competitively in the markets in which it competes;
- capital projects, including planning, construction, estimated expenditures, schedules, approvals, expected capacity, in-service dates and anticipated benefits of construction of new facilities and expansions of existing facilities;
- the Company's dividend policy, including future levels and sustainability of cash dividends, the tax treatment thereof and future dividend payment dates;
- the impact of commodity prices and foreign exchange impacts on the Company's operations and financial performance, including the use and effectiveness of hedging instruments;
- expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, and availability of capital to fund growth plans, operating obligations and dividends;
- operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives, cost reduction initiatives, and service levels (including service level penalties);
- the implementation, cost and impact of environmental sustainability initiatives, as well as the anticipated future cost of remediating environmental liabilities;
- the adoption of new accounting standards and the impact of such adoption on the financial position of the Company;
- expectations regarding pension plan performance, including future pension plan assets, liabilities and contributions; and
- developments and implications of actual or potential legal actions.

Various factors or assumptions are typically applied by the Company in drawing conclusions or making the forecasts, projections, predictions or estimations set out in the forward-looking statements. These factors and assumptions are based on information currently available to the Company, including information obtained by the Company from third-party sources and include but are not limited to the following:

- expectations regarding the impact and future implications of COVID-19 and adaptations in operations, supply chain, customer and consumer behaviour, economic patterns (including but not limited to pork markets in North America and internationally), foreign exchange rates and international trade dynamics;
- the competitive environment, associated market conditions and market share metrics, category growth or contraction, the expected behaviour of competitors and customers and trends in consumer preferences;
- the success of the Company's business strategy, including execution of the strategy in the Meat Protein Group and the outcome of the category analysis related to the strategy for the Plant Protein Group;
- prevailing commodity prices, interest rates, tax rates and exchange rates;
- the timing and complexity of restoring systems impacted by the cybersecurity incident, the ability to operate without these systems, third party activities, ongoing impacts, customer, consumer and supplier responses and regulatory considerations;
- the impact of the war in Ukraine on international relations, trade and markets, as well as the economic condition of and the sociopolitical dynamics between Canada, the U.S., Japan and China, and the ability of the Company to access markets and source ingredients and other inputs in light of global sociopolitical disruption;
- the spread of foreign animal disease (including ASF and Avian Influenza), preparedness strategies to manage such spread, and implications for all protein markets;
- the availability of capital to fund future capital requirements associated with existing operations, assets and projects;
- expectations regarding participation in and funding of the Company's pension plans;
- the availability of insurance coverage to manage certain liability exposures;
- the extent of future liabilities and recoveries related to legal claims;
- prevailing regulatory, tax and environmental laws; and
- future operating costs and performance, including the Company's ability to achieve operating efficiencies and maintain high sales volumes, high turnover of inventories and high turnover of accounts receivable.

Readers are cautioned that these assumptions may prove to be incorrect in whole or in part. The Company's actual results may differ materially from those anticipated in any forward-looking statements.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or projected in the forward-looking statements contained in this document include, among other things, risks associated with the following:

- implications of COVID-19 on the operations and financial performance of the Company, as well the ongoing implications for macro socio-economic trends
- macro economic trends, including inflation, recessionary indicators, labour availability and labour market dynamics and international trade trends;
- competition, market conditions and the activities of competitors and customers, including the expansion or contraction of key categories (including plant protein), pork market dynamics and Japan export margins;
- the health status of livestock, including the impact of potential pandemics;
- international trade and access to markets and supplies, as well as social, political and economic dynamics, including the war in Ukraine;
- timing and ability to restore systems impacted by the cybersecurity event, actions of third parties, the effectiveness of business continuity planning and execution, ability to continue to operate without certain systems, ongoing actions of third parties and actions of customers, suppliers and consumers;
- availability of and access to capital;
- decision respecting the return of capital to shareholders;
- the execution of capital projects, including cost, schedule and regulatory variables, all of which impact epected returns on investment;
- food safety, consumer liability and product recalls;
- cyber security and the maintenance and operation of the Company’s information systems and processes;
- climate change;
- strategic risk management, including the outcome of the analysis of the plant protein category;
- acquisitions and divestitures;
- fluctuations in the debt and equity markets;
- fluctuations in interest rates and currency exchange rates;

- pension assets and liabilities;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the effectiveness of commodity and interest rate hedging strategies;
- impact of changes in the market value of the biological assets and hedging instruments;
- the supply management system for poultry in Canada;
- availability of plant protein ingredients;
- intellectual property, including product innovation, product development, brand strategy and trademark protection;
- consolidation of operations and focus on protein;
- the use of contract manufacturers;
- reputation;
- weather;
- compliance with government regulation and adapting to changes in laws;
- actual and threatened legal claims;
- consumer trends and changes in consumer tastes and buying patterns;
- environmental regulation and potential environmental liabilities;
- consolidation in the retail environment;
- employment matters, including complying with employment laws across multiple jurisdictions, the potential for work stoppages due to non-renewal of collective agreements, recruiting and retaining qualified personnel, reliance on key personnel and succession planning;
- pricing of products;
- managing the Company's supply chain;
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes; and
- other factors as set out under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2021.

The Company cautions readers that the foregoing list of factors is not exhaustive.

Readers are further cautioned that some of the forward-looking information, such as statements concerning future capital expenditures, Adjusted EBITDA Margin growth in the Meat Protein Group, and Adjusted EBITDA target in the Plant Protein Group (including the timing, pace and impact of restructuring activities), may be considered to be financial outlooks for purposes of applicable securities legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

More information about risk factors can be found under the heading “Risk Factors” in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2021, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

All forward-looking statements included herein speak only as of the date hereof. Unless required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

About Maple Leaf Foods Inc.

Maple Leaf Foods is a carbon neutral company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company employs approximately 14,000 people and does business primarily in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*		**As at September 30, 2022**		As at September 30, 2021[i]		As at December 31, 2021
ASSETS						*(Audited)*
Cash and cash equivalents	**$**	**106,199**	$	73,468	$	162,031
Accounts receivable		**180,301**		200,544		167,082
Notes receivable		**61,301**		69,455		33,294
Inventories		**494,477**		432,502		409,677
Biological assets		**112,237**		131,257		138,209
Income taxes recoverable		**18,997**		1,830		1,830
Prepaid expenses and other assets		**56,104**		34,373		24,988
Assets held for sale		**604**		—		—
Total current assets	**$**	**1,030,220**	$	943,429	$	937,111
Property and equipment		**2,303,981**		2,107,506		2,189,165
Right-of-use assets		**165,729**		173,879		161,662
Investments		**23,912**		22,731		22,326
Other long-term assets		**21,859**		9,304		11,644
Deferred tax asset		**52,165**		31,822		39,907
Goodwill		**477,353**		658,938		658,673
Intangible assets		**367,528**		368,972		365,318
Total long-term assets	**$**	**3,412,527**	$	3,373,152	$	3,448,695
Total assets	**$**	**4,442,747**	$	4,316,581	$	4,385,806
LIABILITIES AND EQUITY						
Accounts payable and accruals	**$**	**549,723**	$	531,703	$	526,189
Current portion of provisions		**39,939**		773		842
Current portion of long-term debt		**712**		5,279		5,176
Current portion of lease obligations		**38,417**		38,664		31,375
Income taxes payable		**1,084**		31,592		23,853
Other current liabilities		**50,532**		56,966		81,265
Total current liabilities	**$**	**680,407**	$	664,977	$	668,700
Long-term debt		**1,627,651**		1,157,736		1,247,073
Lease obligations		**149,011**		149,475		144,391
Employee benefits		**74,808**		91,063		97,629
Provisions		**7,113**		44,504		44,650
Other long-term liabilities		**1,304**		4,742		1,057
Deferred tax liability		**172,494**		137,030		146,380
Total long-term liabilities	**$**	**2,032,381**	$	1,584,550	$	1,681,180
Total liabilities	**$**	**2,712,788**	$	2,249,527	$	2,349,880
Shareholders' equity						
Share capital	**$**	**852,872**	$	847,013	$	847,016
Retained earnings		**880,314**		1,234,975		1,212,244
Contributed surplus		**—**		11,694		5,371
Accumulated other comprehensive income (loss)		**22,689**		(7,890)		(2,459)
Treasury stock		**(25,916)**		(18,738)		(26,246)
Total shareholders' equity	**$**	**1,729,959**	$	2,067,054	$	2,035,926
Total liabilities and equity	**$**	**4,442,747**	$	4,316,581	$	4,385,806

[i] *Restated, see Note 17(a) of the Company's 2022 third quarter consolidated financial statements.*

Consolidated Interim Statements of Net (Loss) Earnings

(In thousands of Canadian dollars, except share amounts) *(Unaudited)*	**Three months ended September 30,**		**Nine months ended September 30,**	
	2022	2021	**2022**	2021
Sales	**$ 1,231,855**	$ 1,188,643	**$ 3,553,541**	$ 3,400,587
Cost of goods sold	**1,149,394**	1,000,485	**3,229,978**	2,883,819
Gross profit	**$ 82,461**	$ 188,158	**$ 323,563**	$ 516,768
Selling, general and administrative expenses	**102,800**	120,263	**335,865**	347,067
(Loss) earnings before the following:	**$ (20,339)**	$ 67,895	**$ (12,302)**	$ 169,701
Restructuring and other related costs	**2,332**	840	**24,389**	3,698
Other expense (income)	**3,733**	(965)	**8,809**	7,194
Impairment of goodwill	**190,911**	—	**190,911**	—
(Loss) earnings before interest and income taxes	**$ (217,315)**	$ 68,020	**$ (236,411)**	$ 158,809
Interest expense and other financing costs	**14,494**	5,683	**32,996**	16,362
(Loss) earnings before income taxes	**$ (231,809)**	$ 62,337	**$ (269,407)**	$ 142,447
Income tax (recovery) expense	**(2,333)**	17,858	**994**	41,502
Net (loss) earnings	**$ (229,476)**	$ 44,479	**$ (270,401)**	$ 100,945
(Loss) earnings per share attributable to common shareholders:				
Basic (loss) earnings per share	**$ (1.86)**	$ 0.36	**$ (2.18)**	$ 0.82
Diluted (loss) earnings per share	**$ (1.86)**	$ 0.35	**$ (2.18)**	$ 0.80
Weighted average number of shares (millions):				
Basic	**123.7**	123.5	**123.9**	123.4
Diluted	**123.7**	125.5	**123.9**	125.7

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Net (loss) earnings	**$ (229,476)**	$ 44,479	**$ (270,401)**	$ 100,945
Other comprehensive (loss) income				
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of $6.0 million and $7.6 million; 2021: $0.9 million and $25.8 million)	**$ (17,221)**	$ 2,556	**$ 22,185**	$ 75,717
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value of investments (Net of tax of $0.0 million; 2021: $1.0 million)	**$ —**	$ 2,945	**$ —**	$ 2,945
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million and $0.0 million; 2021: $0.0 million and $0.0 million)	**26,976**	6,267	**35,068**	(3,883)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $3.9 million and $5.0 million; 2021: $1.1 million and $0.4 million)	**(20,825)**	(5,456)	**(26,350)**	1,826
Change in cash flow hedges (Net of tax of $1.6 million and $5.6 million; 2021: $0.7 million and $1.7 million)	**4,543**	(2,157)	**16,430**	4,636
Total items that are or may be reclassified subsequently to profit or loss	**$ 10,694**	$ 1,599	**$ 25,148**	$ 5,524
Total other comprehensive income (loss)	**$ (6,527)**	$ 4,155	**$ 47,333**	$ 81,241
Comprehensive (loss) income	**$ (236,003)**	$ 48,634	**$ (223,068)**	$ 182,186

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[i] Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments	Treasury stock	Total equity
Balance at December 31, 2021	**$ 847,016**	**1,212,244**	**5,371**	**2,037**	**(7,441)**	**2,945**	**(26,246)**	**$ 2,035,926**
Net loss	**—**	**(270,401)**	**—**	**—**	**—**	**—**	**—**	**(270,401)**
Other comprehensive income (loss)[ii]	**—**	**22,185**	**—**	**8,718**	**16,430**	**—**	**—**	**47,333**
Dividends declared ($0.60 per share)	**—**	**(74,533)**	**—**	**—**	**—**	**—**	**—**	**(74,533)**
Share-based compensation expense	**—**	**—**	**16,945**	**—**	**—**	**—**	**—**	**16,945**
Modification of stock compensation plan	**—**	**—**	**(3,594)**	**—**	**—**	**—**	**—**	**(3,594)**
Deferred taxes on share-based compensation	**—**	**—**	**(2,125)**	**—**	**—**	**—**	**—**	**(2,125)**
Exercise of stock options	**5,888**	**—**	**(1,289)**	**—**	**—**	**—**	**—**	**4,599**
Shares re-purchased	**(8,333)**	**—**	**(19,231)**	**—**	**—**	**—**	**—**	**(27,564)**
Shares purchased by RSU trust	**—**	**—**	**—**	**—**	**—**	**—**	**(7,500)**	**(7,500)**
Settlement of share-based compensation	**—**	**—**	**(15,560)**	**—**	**—**	**—**	**7,830**	**(7,730)**
Change in obligation for repurchase of shares	**8,301**	**(9,181)**	**19,483**	**—**	**—**	**—**	**—**	**18,603**
Balance at September 30, 2022	**$ 852,872**	**880,314**	**—**	**10,755**	**8,989**	**2,945**	**(25,916)**	**$ 1,729,959**

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[i] Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments	Treasury stock	Total equity
Balance at December 31, 2020	$ 838,969	1,124,973	5,866	3,002	(16,416)	—	(23,930)	$ 1,932,464
Net earnings	—	100,945	—	—	—	—	—	100,945
Other comprehensive income (loss)[ii]	—	75,717	—	(2,057)	4,636	2,945	—	81,241
Dividends declared ($0.54 per share)	—	(66,660)	—	—	—	—	—	(66,660)
Share-based compensation expense	—	—	17,738	—	—	—	—	17,738
Deferred taxes on share-based compensation	—	—	(450)	—	—	—	—	(450)
Exercise of stock options	8,711	—	—	—	—	—	—	8,711
Settlement of share-based compensation	—	—	(9,679)	—	—	—	5,192	(4,487)
Change in obligation for repurchase of shares	(667)	—	(1,781)	—	—	—	—	(2,448)
Balance at September 30, 2021	$ 847,013	1,234,975	11,694	945	(11,780)	2,945	(18,738)	$ 2,067,054

(i) *Items that are or may be subsequently reclassified to profit or loss.*

(ii) *Included in other comprehensive income (loss) is the change in actuarial gains and losses that will not be reclassified to profit or loss and has been reclassified to retained earnings.*

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
CASH PROVIDED BY (USED IN):				
Operating activities				
Net (loss) earnings	**$ (229,476)**	$ 44,479	**$ (270,401)**	$ 100,945
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**31,451**	(6,630)	**42,104**	6,779
Depreciation and amortization	**57,602**	47,800	**172,032**	148,201
Share-based compensation	**2,727**	8,509	**16,485**	17,738
Deferred income taxes	**1,803**	(7,824)	**6,615**	(17,694)
Income tax current	**(4,136)**	25,682	**(5,621)**	59,196
Interest expense and other financing costs	**14,494**	5,683	**32,996**	16,362
Loss on sale of long-term assets	**104**	1,226	**1,686**	1,919
Impairments	**192,954**	—	**209,010**	436
Change in fair value of non-designated derivatives	**(6,872)**	6,042	**(19,407)**	(2,375)
Change in net pension obligation	**2,496**	3,620	**6,938**	3,594
Net income taxes paid	**(3,371)**	(10,545)	**(29,858)**	(57,248)
Interest paid, net of capitalized interest	**(4,026)**	(5,373)	**(34,414)**	(16,766)
Change in provision for restructuring and other related costs	**(1,810)**	(156)	**1,648**	(224)
Change in derivatives margin	**(2,379)**	4,888	**(2,698)**	4,492
Other	**(2,548)**	(4,631)	**(10,361)**	(5,989)
Change in non-cash operating working capital	**26,486**	23,994	**(109,756)**	(122,865)
Cash provided by operating activities	**$ 75,499**	$ 136,764	**$ 6,998**	$ 136,501
Investing activities				
Additions to long-term assets	**$ (78,544)**	$ (136,346)	**$ (257,784)**	$ (458,586)
Interest paid and capitalized	**(7,019)**	(5,916)	**(16,639)**	(14,525)
Acquisition of business	**—**	(1,777)	**—**	(41,928)
Proceeds from sale of long-term assets	**6**	—	**123**	768
Purchase of investments	**—**	(3,184)	**—**	(3,184)
Proceeds from legal settlement	**—**	20,822	**—**	20,822
Cash used in investing activities	**$ (85,557)**	$ (126,401)	**$ (274,300)**	$ (496,633)
Financing activities				
Dividends paid	**$ (24,759)**	$ (22,285)	**$ (74,533)**	$ (66,660)
Net increase in long-term debt	**84,527**	29,333	**340,474**	419,055
Payment of lease obligation	**(8,859)**	(9,125)	**(26,949)**	(27,806)
Receipt of lease inducement	**—**	—	**6,847**	—
Exercise of stock options	**—**	6,782	**4,599**	8,711
Repurchase of shares	**(27,564)**	—	**(27,564)**	—
Purchase of treasury stock	**—**	—	**(7,500)**	—
Payment of financing fees	**(59)**	(478)	**(3,904)**	(528)
Cash provided by financing activities	**$ 23,286**	$ 4,227	**$ 211,470**	$ 332,772
Increase (decrease) in cash and cash equivalents	**$ 13,228**	$ 14,590	**$ (55,832)**	$ (27,360)
Cash and cash equivalents, beginning of period	**92,971**	58,878	**162,031**	100,828
Cash and cash equivalents, end of period	**$ 106,199**	$ 73,468	**$ 106,199**	$ 73,468